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Social dimensions of the New Partnership for Africa's Development

Report of the Secretary-General

Summary

The present report, submitted in response to Economic and Social Council resolution 2011/26, examines the progress made and challenges in improving governance, eradicating poverty, creating decent jobs, investing in human resource development, food security and infrastructure, as called for by the New Partnership for Africa's Development. The report also discusses financing mechanisms for social development and key policy responses aimed at further improving and consolidating Africa's social development gains.

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I. Introduction

1. The New Partnership for Africa's Development (NEPAD) remains the best tool for coordinating and implementing the continental development policies and the programmes of the African Union Commission. It also complements the implementation of internationally agreed development goals, including the Millennium Development Goals, in Africa. As the key framework guiding the continent's social, economic and political transformation, NEPAD guides the continental efforts to advance peace and security, eradicate extreme poverty and hunger, create decent jobs, promote gender equality and improve the delivery of education, health and clean water and sanitation services. Specific focus is also paid to addressing the continent's infrastructure bottlenecks, fostering regional integration, addressing the challenges posed by climate change and reducing the marginalization of Africa.

2. While Africa's recent acceleration of growth has not led to marked reductions in the depth and severity of poverty across the region, significant development gains are being made across a range of sectors, in particular those relating to the non-income dimensions of well-being. Specifically, mortality rates, life expectancy, school enrolment and literacy are all improving.[1] Large numbers of people have greater access to better social services, roads and information and communications technologies. There are also more Africans experiencing participation in democratic processes. However, the pace and scope of these gains have been uneven across and within countries, often exacerbating vertical and horizontal inequalities and social exclusion.

3. In large measure, Africa's remarkable social gains have been tethered to booming economies. High rates of economic growth over the past decade have eased increased investments in the social sectors, including education and health. Prior to the global financial and economic crisis, the average growth across the region was more than 5 per cent over the past decade. In 2010, the region's economy grew by 4.5 per cent, up from 2.3 per cent in 2009, and will most likely maintain a steady growth rate of about 5 to 6 per cent in 2011-2012.[2,3]

4. However, high rates of growth have been slow to translate into major social development gains. Efforts to reduce poverty continue to be undermined by high income inequalities. Africa's Gini-coefficient averaged 0.44 during the period from 1992 to 2007. Inequalities of this magnitude have a tendency to block the poor and other disadvantaged groups from accessing resources that foster the acquisition of human capital such as schools, clinics, roads and markets. Hence, raising the effectiveness of growth on poverty reduction in highly unequal societies entails pursuing some form of redistribution policies.

5. And as highlighted by the political upheaval in North Africa, the pace of economic progress has to be strong, sustained and inclusive if it is to meet the increasing demand by growing populations for better jobs and the more efficient

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[1] Economic Commission for Africa (ECA), African Union Commission, African Development Bank (AfDB) and United Nations Development Programme (UNDP), *Assessing Progress in Africa toward the Millennium Development Goals: MDG Report 2011*.

[2] *World Economic Situation and Prospects 2011* (United Nations publication, Sales No. E.11.II.C.2).

[3] International Monetary Fund (IMF), *Regional Economic Outlook: Sub-Saharan Africa: Recovery and New Risks* (Washington, D.C., 2011).

provisioning of public goods and services. The events in North Africa and other parts of the continent are reminders that the pursuit of economic growth without social justice and equity is not sustainable. Hence, Africa needs sustained and socially inclusive high rates of growth if the region is to significantly reduce levels of poverty.

6. It is within this broad context that the African Union's NEPAD Planning and Coordinating Agency seeks to deliver on the region's social and economic development agenda by building on the existing progress, harnessing new opportunities and addressing the challenges that have hindered progress in the past. This includes amplifying the contribution of not only the natural resource sector, but other sectors as well, including agriculture, manufacturing, retail, tourism, telecommunications and construction. The NEPAD programme's social development agenda therefore seeks to enhance the ability of the poor and non-poor, women, youth and marginalized groups to participate in and benefit from Africa's economic growth and political transformation.

II. Continued social costs of global crises in Africa

7. African countries continue to be challenged by multiple and interrelated global crises. Countries were affected in key areas such as declines in trade owing to the reduced global demand for exports, limited access to and higher borrowing costs of international credit, reduced inflows of foreign direct investment (FDI) and declining official development assistance (ODA), remittances and tourism revenues. These shocks were transmitted to social areas through massive job losses, reduced household incomes and lower Government expenditures on critical services that tend to benefit the poor. However, unlike in previous crises, many African countries have been quick to recover from the global financial and economic crisis of 2008-2010, owing mainly to the rebound of commodity exports. Levels of growth in 2011 have approached the high levels of the mid-2000s. Some countries were able to deploy countercyclical policies in an effort to stimulate demand and blunt the social costs of the global recession.

8. While the impact of the global crisis on Africa's labour markets was less pronounced than in other regions, nevertheless the crisis compounded the employment prospects of large numbers of the unemployed. In sub-Saharan Africa, the number of workers in vulnerable employment is estimated to have increased by 7.4 million in 2009.[4] This was the first such increase the subregion had seen since 2000. There was also some increase in vulnerable employment in North Africa, although the crisis did not result in significant job losses. The crisis also worsened employment prospects in a region that already had one of the highest levels of unemployment. The unemployment rate among young people in North Africa is approximately 24 per cent. Furthermore, North Africa also had significantly larger numbers of women in vulnerable employment. The gap between the sexes in the vulnerable employment rate was over 21 percentage points in North Africa as compared with a gap of slightly more than 14 percentage points in sub-Saharan Africa.

[4] International Labour Organization (ILO), *Global Employment Trends 2011: The challenge of a jobs recovery* (Geneva, 2011).

9. Further, the recent sharp increases in food and fuel prices are threatening not only to derail economic activity, but also to erode welfare gains in net food- and oil-importing countries. The Food and Agriculture Organization of the United Nations estimates that global food prices reached their highest point in 20 years in February 2011. Global food prices have remained high owing to, inter alia, increased demand for grains, meats and dairy products in the major emerging economies, biofuel mandates in some advanced economies and low global stocks as a result of bad weather in grain-producing areas and export restrictions as well as excessive speculation by financial investors in the commodity futures markets.

10. While good harvests in 2010 in some countries may have softened the impact of the recent surge in food prices, these increases remain a major threat to Africa's prospects for economic growth and social development. Besides adversely affecting the fiscal space of net food importers, soaring food prices have pushed large numbers of the near poor into poverty while the situation of the poor continues to deteriorate. The World Bank estimates that a 10 per cent rise in international food prices could drive an additional 10 million people into extreme poverty, while a 30 per cent increase in food prices could easily add another 34 million people to the ranks of the extremely poor.[5] Furthermore, the pairing of high energy prices and rising food prices has seen inflation shoot up in several countries. Higher energy costs affect the cost of food through higher production and transportation costs. The higher cost of oil is also driving up the price of imported goods, including food and other basic goods and services. In most cases, rising energy costs are passed on to consumers, who in turn spend less on durable goods and other products that contribute to economic growth. And to compound these developments, climate change is also negatively affecting the food and livestock production systems that the poor depend on.

III. Progress towards the social dimensions of the New Partnership for Africa's Development

11. Despite the challenges discussed above, progress has been made towards the attainment of the social development goals of NEPAD. The present section discusses these recent gains and also stresses areas that need further action if African countries are to attain the social development goals of the continent and the Millennium Development Goals.

A. Economic and corporate governance reforms for social development

12. While global demand for African commodities contributed significantly to improved economic performance, the efforts by African countries to reduce conflicts, improve the macroeconomic environment and create a business-friendly environment have also had a positive impact on the continent's growth acceleration and the state of social development. Today's African economies are better managed, with better resource governance and domestic revenue mobilization to finance the economic and social development priorities. The regularity of multiparty elections

[5] World Bank, *Food Price Watch* (April 2011).

has improved even though their quality remains a concern in some countries. Social and political inclusiveness is also on the increase as women, youth and other marginalized groups are increasingly being included in various local and national governance structures. Human rights and the rule of law are also improving.

13. African countries also recognize that successful development requires a catalytic and constructive role for the State. To this end, countries continue to improve political, economic and corporate governance through the African Peer Review Mechanism process. To date, 30 countries have acceded to the review process; 14 countries have completed the review process; and 2 other countries are slated for peer review in early 2012. Countries that have fully completed the review process have now embarked on monitoring and implementing their respective national programmes of action, which incorporate a wide range of social development issues. However, efforts to improve governance need to continue, paying particular attention to strengthening the capacity of public institutions, fighting corruption and ensuring that elections promote inclusiveness and social harmony. Tackling corruption leads to efficiency in resource mobilization and allocation and makes it possible to increase funding for development purposes. Governance also affects social development through an improved macroeconomic environment and broadening the space for government-civic engagement. It needs to be understood that economic growth itself helps to improve governance as more resources are made available. Thus, there is a need to ensure a virtuous circle of economic growth and governance.

14. African countries have also taken major steps towards improving political and socio-economic governance as noted in the Declaration of the fifth Ministerial Conference of the NEPAD-Organization for Economic Cooperation and Development (OECD) Africa Investment Initiative, held in Dakar in April 2011. These efforts are aimed at promoting private sector-led growth. They seek to attract much-needed FDI and remove perceived barriers to investment. They can further contribute to improving the delivery of public goods and services that have a bearing on poverty alleviation efforts.

15. To a large extent, the focus of African countries to improve economic and corporate governance holds them accountable to each other through the African Peer Review Mechanism process, and a commitment to address barriers to investment such as corruption and political instability is yielding positive results. A recent survey of 562 international business leaders has shown that investor perceptions of Africa have improved over the past three years. While 68 per cent of all respondents indicated that Africa had become more attractive, 86 per cent of African investors were more optimistic, as compared with 74 per cent of investors from emerging economies, 66 per cent from Asia, 45 per cent from Europe and 38 per cent from North America.[6] However, the pace of improving living conditions across the region continues to face significant governance challenges. As amply demonstrated by the cases of countries in conflict or those emerging from conflict, it is much more difficult for State institutions or the market to capture the vast majority of the poor and hence post any significant social and economic gains.

[6] Ernst & Young, "It's time for Africa: 2011 Africa attractiveness survey" (2011).

B. Eliminating extreme poverty and hunger

16. Despite a decade of strong economic growth that has seen the number of people in Africa with per capita consumption levels of between $2 and $20 per day rise from 196 million people in 2000 to 313 million in 2010,[7] the vast majority of Africa's population still lives on less than $1.25 a day. The absolute number of people living on less than $1.25 a day increased from 295.7 million in 1990 to 388.4 million in 2005. However, this number is projected to drop to 344.7 million people by 2015. In relative terms, new poverty projections by the World Bank indicate that the proportion of people living on less than $1.25 a day in sub-Saharan Africa will be 35.8 per cent in 2015. This is lower than the previous projected estimate of 38.0 per cent by 2015. Overall, the levels of poverty in Africa are estimated to have declined by about 0.5 percentage points per year since the mid-1990s.

17. In total, nine African countries have been able to post good results in reducing poverty and another eight countries have been able to reduce hunger. For instance, Uganda has been able to slash its poverty headcount from 68.7 per cent in 1990 to 51.5 per cent in 2005 and 28.7 per cent in 2009, which is lower than the 2015 target of 34.3 per cent.[8] Uganda registered one of Africa's most impressive economic turnarounds in the recent past. However, while such success stories may underscore the importance of growth to poverty reduction, other cases also show modest poverty reduction in spite of high economic growth. For example, the United Republic of Tanzania has not been able to translate an average annual real gross domestic product (GDP) growth of 6.9 per cent during the period from 2001 to 2009 into significant poverty reduction. Its poverty headcount slightly declined from about 87 per cent in 2002 to about 68 per cent in 2007. Such moderate declines in poverty during periods of strong growth are an indication that large numbers of people still continue to be bypassed by the benefits of growth. The nature and composition of that growth may have resulted in slow or inadequate job and income growth in sectors where the working poor are concentrated, and hence may have worsened inequality in some cases.

18. Thus, levels of poverty could have declined at a much faster pace across the continent if rates of growth had been sustained, broad-based and sufficiently inclusive. Furthermore, Government spending on sectors that benefit the poor remain below 3 per cent of GDP in most countries. This curtails broad social development gains. And while some countries are pursuing anti-poverty measures that include employment guarantee schemes, the provision of targeted social safety nets such as food and fuel subsidies and cash transfers to the elderly and children, the impact of these measures remains weak. In many instances, most social safety net programmes do not reach the poor because of leakages and inefficient targeting and services delivery. To overcome this constraint, greater policy attention needs to focus on implementing universal social protection schemes.

19. Levels of hunger and malnutrition have also sharply increased in some parts of Africa. The World Food Programme (WFP) estimates that close to 12 million people have been affected by East Africa's worst drought in 60 years. To ward off this

[7] African Development Bank, "The middle of the pyramid: dynamics of the middle class in Africa", *Market Brief* (20 April 2011).

[8] World Bank, *Global Monitoring Report 2011: Improving the Odds of Achieving the MDGs* (Washington, D.C., 2011).

major humanitarian crisis, WFP and other major donors have taken major steps to provide much-needed food and medicine. For instance, the humanitarian assistance provided by the United States of America to the region in 2011 exceeded $580 million, reaching more than 4.6 million people.

20. The number of people living in extreme poverty and hunger continues to be high across Africa because of several factors. First, agricultural productivity has been lacklustre at best. This affects poverty alleviation efforts because of the impact that growth of the agricultural sector has on poverty and employment. Some studies have shown that the impact of increased agricultural productivity on poverty is about three times greater than comparable growth in sectors such as manufacturing, trade and services. Hence, countries that have been able to sufficiently reduce poverty have been successful in implementing policies which ensure that the main driver of the growth are sectors which employ large numbers of unskilled labourers, namely, the agriculture, construction and manufacturing sectors. However, as many countries continue to urbanize at a very rapid pace, GDP growth originating in the construction, manufacturing, services and trade sectors will also have to play an important role in reducing both urban and rural poverty. Hence, pursuing growth strategies that contribute to declines in the share of agriculture in economic output and employment and a rise in economic activity in industry and modern services should complement efforts to boost agricultural growth.

C. Job creation

21. The goals of reducing poverty and promoting social inclusion and long-term social stability are highly dependent on the ability of African countries to fully harness the NEPAD programme's job drivers, particularly the implementation of the Comprehensive Africa Agriculture Development Programme (CAADP) and the Programme for Infrastructure Development in Africa. However, for most people across Africa, having a decent job is still out of reach, hence the large numbers of people who continue to live in poverty. Countries have not been able to implement policies that promote both economic growth and job creation, particularly in the labour-intensive sectors. While this situation has been compounded by the global financial and economic crisis, the neoliberal policies pursued in the 1980s and 1990s prioritized growth at the expense of employment-generation and structural change.

22. As a result, employment deficits on the continent continue to be reflected in worsening employment prospects, vulnerable employment and the growing ranks of the working poor. In particular, unemployment levels remain stubbornly high among young people and women. The pace of job creation has failed to keep pace with population growth, in particular the 7 million to 10 million young people joining the labour force each year. In North Africa, for example, it is estimated that the number of jobs created should increase by at least 3 per cent given the relatively high rates of population growth in the subregion. However, given the structure of economies in most countries, the challenge of absorbing these new labour entrants into productive sectors is substantial. Furthermore, a significant proportion of jobs created in many countries have traditionally been confined to the public sector. This is not sustainable. Job growth in the public sector is not sufficient to absorb the region's burgeoning "youth bulge".

23. Sustained investments are therefore required in NEPAD priority areas, such as agriculture and infrastructure development, that have the potential to dramatically increase the absorption of labour and to generate much-needed exports. Investments in these areas should draw on both public and private investments. While NEPAD highlights these employment challenges at the continental level, the challenges are not new. The *Arab Human Development Report 2002* emphasized the urgency for North African countries and those in the Middle East to quicken the pace of job creation in order to absorb the rapidly growing group of new labour force entrants.[9] Furthermore, creating jobs through more diversified economies is now a major challenge for most African countries, given the commanding role of the major emerging economies in the production and export of goods. Her. . specific measures are required to strengthen the competitiveness of African goods and services. Bringing the Doha Development Round to a successful conclusion and pursuing preferential trade agreements such as the United States Africa Growth and Opportunity Act will help.

24. Furthermore, despite posting high rates of growth for over a decade, commodity-dependent countries have not been able to generate enough jobs simply because the extractive industries, in particular mining and oil and gas, tend to be capital intensive and do not employ large numbers of people. In addition, most of the wealth generated by the exploitation of resources has not adequately benefited the poor because it has not been sufficiently invested in job-intensive sectors that employ unskilled workers. Therefore, African countries, private companies and other foreign investors that are engaged in resource extraction should find ways of translating the high global demand for resources into better social development outcomes on the continent. This will require reindustrializing and expanding the employment opportunities available to large segments of society through mechanisms such as mineral beneficiation.

25. However, beneficiation as a policy should not be pursued at the expense of other policies that can stimulate broader structural transformation. Mineral beneficiation should foster new linkages to the national economy and drive industrial growth in sectors that add value to minerals and other supporting sectors. Such linkages will likely create additional jobs and expand the local tax base for Government revenue collection. Natural resource beneficiation also encompasses corporate social responsibility. This requires that companies invest some of their profits in building schools, clinics and roads which benefit local communities. Countries such as Botswana and Namibia have been able to benefit from natural resources through better management and transparency and by insisting that foreign investors add value to those resources on the ground. The failure to address these issues has resulted in large increases in inequality in resource-rich countries. And for the resource-poor countries, job creation through industrialization is not out of reach, provided that they make strategic investments in human capital in addition to offering other incentives to investors interested in taking advantage of an educated labour force with low labour costs.

26. Given these scenarios, it is in the best interest of African countries in the process of implementing NEPAD to examine what employment-generating

[9] UNDP, *Arab Human Development Report 2002: Creating Opportunities for Future Generations* (New York, 2002).

opportunities exist. The creation of both high-skilled and low-skilled employment opportunities should be at the centre of the NEPAD social development agenda. The failure to do so will only result in a repeat of the neoliberal policies of the past decades which viewed employment creation as a residual outcome of higher economic growth. Through sustained investments in strategic sectors, NEPAD therefore offers countries the opportunity to address structural and systemic unemployment, especially among young people. Opportunities also exist to reduce chronic unemployment by linking the implementation of NEPAD with a wide range of programmes, such as guaranteed or expanded public works programmes. Such programmes are usually designed to address the structural inequalities in accessing public services, through the provision of essential services and infrastructure facilities to marginalized and disadvantaged groups, including skills development and training opportunities for women and young people. African countries seeking to implement such programmes are being assisted by the International Labour Organization (ILO), through its Employment-Intensive Investment Programme.

D. Education

27. To date, several African countries have significantly increased enrolment and reduced gender gaps in schooling. Sub-Saharan Africa's net enrolment ratio jumped from 58 per cent in 1999 to 76 per cent in 2009, while that in northern Africa increased from 86 per cent to 94 per cent over the same period.[10] Progress has been much more rapid in those countries that have taken concrete actions to lower the multiple barriers to school entry, attendance and achievement. These include the abolition of school fees, the provision of school meals and free textbooks and the construction of separate sanitation facilities for girls and boys. Because of improvements in some of these areas, countries such as Burkina Faso, Ethiopia, Guinea, Mali, Mozambique and the Niger have seen net enrolment ratios increase by more than 25 percentage points during this period. South Africa has also been able to increase access to early childhood education by introducing a school feeding programme that reaches the poorest 60 per cent of primary schoolchildren and approximately 40 per cent of high school students. Several other countries (Burundi, Madagascar, Rwanda, Sao Tome and Principe, Togo and the United Republic of Tanzania) have either achieved or are nearing the goal of universal primary education.

28. While these achievements are commendable, insufficient progress and persistent educational inequities also remain among and within countries. Dropout rates among girls remain a concern, particularly at the secondary school level. Greater efforts also need to be made to ensure that children who complete primary education are able to find opportunities for secondary and tertiary education. It is only through investments in higher education that Africa can enlarge its human resource base that is better equipped to diagnose, formulate and find answers to various national and regional problems. Tertiary education also better prepares students to meet the skills set required by the rapidly changing global and local labour markets.

[10] *The Millennium Development Goals Report 2011* (United Nations publication, Sales No. E.11.I.10).

29. Countries also need to improve the quality of education that children receive in schools. Although some countries have been able to allocate adequate funding to the education sector, the quality of the education services has been poor or inadequate. This issue is one of the major challenges facing Africa's education systems. Thus, while most countries in southern Africa have met the Millennium Development Goals target for enrolment ratios for primary education, one policy issue being debated is that this measure does not provide any indication regarding the quality of education that children receive. As a result, countries such as South Africa find themselves in the bottom quartile of performers in Africa even though they have increased per capita spending on education. The country spends close to 6 per cent of its GDP on education.

E. Health

30. One of the key human development objectives of NEPAD is to reduce Africa's morbidity and mortality burden. The key strategies for improving maternal, newborn and child health, reducing HIV/AIDS, tuberculosis and malaria and tackling non-communicable diseases include delivering evidence-based, cost-effective and population-wide interventions, strengthening the capacity of primary health-care systems, improving access to affordable and essential medicines, nutrition and reproductive health services and investing in infrastructure, safe drinking water and sanitation. Gains in these areas will significantly improve the odds of African countries making substantial progress towards achieving the health-related Millennium Development Goals, the Secretary-General's Global Strategy for Women's and Children's Health and the African Union's Campaign on Accelerated Reduction of Maternal Mortality in Africa.

31. Overall progress on the region's health goals has been mixed. The latest estimates of under-5 mortality from the United Nations Inter-agency Group for Child Mortality Estimation show that during the period from 1990 to 2009, under-5 mortality declined by 68 per cent in Northern Africa (from 80 to 26 per 1,000 live births) and by 28 per cent in sub-Saharan Africa (from 180 to 129 per 1,000 live births).[11] Countries that recorded some of the largest declines in under-5 mortality and are on track to reduce under-5 mortality rates by two thirds by 2015 include Algeria, Cape Verde, Eritrea, Malawi, Mauritius and Seychelles. However, despite this positive development, the overall progress in reducing under-5 mortality as well as maternal mortality has been insufficient in sub-Saharan Africa. In particular, the health inequalities within countries have worsened and an estimated 1 in 31 women dies from causes related to pregnancy and childbirth in the subregion. This compares with 1 in 480 in Latin America and the Caribbean and 1 in 3,600 in developed countries.[12]

32. However, despite these high levels of maternal mortality, the provision of care during pregnancy has increased markedly in Northern Africa, where the share of women who made at least one antenatal visit during pregnancy increased by 70 per cent. Gains have also been posted as regards HIV/AIDS, with HIV incidence

[11] D. You and others, "Levels and trends in child mortality, 1990-2009", *The Lancet*, vol. 376, Issue 9745 (September 2010), pp. 931-933.

[12] World Health Organization (WHO), *Trends in Maternal Mortality: 1990 to 2008: Estimates developed by WHO, UNICEF, UNFPA and the World Bank* (Geneva, 2010).

declining by more than 25 per cent in 22 sub-Saharan African countries during the period from 2001 to 2009.[13] Significant declines occurred in Botswana, South Africa, the United Republic of Tanzania, Zambia and Zimbabwe. Access to HIV treatment reached approximately 37 per cent of the eligible population for treatment in 2009 in sub-Saharan Africa. Botswana, Namibia and Rwanda achieved antiretroviral therapy coverage of at least 80 per cent, while South Africa achieved almost 90 per cent coverage of treatment to prevent mother-to-child transmission.

33. While decent progress has been made to reduce the region's high burden of infectious diseases, chronic non-communicable diseases have also emerged as a major cause of disability and death among adults. These diseases include heart conditions, diabetes, cancers and chronic respiratory diseases that are associated with lifestyle changes, in particular tobacco use, physical inactivity and unhealthy diets. As noted by the first meeting of Ministers of Health of the WHO African Region, held in Brazzaville in April 2011, the region now faces a high and growing incidence of non-communicable diseases. In 2004, non-communicable diseases were responsible for 28 per cent, or 3.6 million, of deaths in Africa. Besides putting further strains on the region's poorly funded health systems, this new disease burden also implies that countries need to adapt their health policies and systems and also focus on promoting healthy diets and lifestyles.

34. Some of the key contributing factors to the persistence of high levels of morbidity and mortality in the region include a poor primary health-care system, the lack of access to clean water and sanitation and low levels of female education. The levels of health expenditure per capita also remain low. They range from less than $50 in Mozambique and the United Republic of Tanzania to highs exceeding $500 in Botswana and Equatorial Guinea.[14] Hence, a key challenge facing countries is to improve health outcomes through improved per capita expenditures on health and improving public infrastructure that has a bearing on health outcomes. This includes improving access to clean water and sanitation and better management of water resources. While the proportion of people using improved sources of drinking water in sub-Saharan Africa increased from approximately 49 per cent in 1990 to 60 per cent in 2008, the lack of access to clean water and sanitation remains one of the greatest challenges facing the subregion.

35. Across Africa, little progress has been made in improving access to basic sanitation, where large majorities have no access to basic sanitation facilities, particularly in rural areas. In 2008, approximately 31 per cent of sub-Saharan Africa's population was using improved sanitation, as compared with 89 per cent in Northern Africa.[15] In absolute terms, this implies that 565 million people in sub-Saharan Africa and 18 million people in Northern Africa had no access to improved sanitation facilities. These water and sanitation deficits contribute significantly to Africa's morbidity and mortality burdens. Improving access to clean water and sanitation has the potential to lower child mortality by between 8 to 25 deaths per 1,000 live births and diarrhoea prevalence by anywhere from

[13] Joint United Nations Programme on HIV/AIDS (UNAIDS), *Global Report: UNAIDS Report on the Global AIDS Epidemic 2010* (2010).

[14] Africa Progress Panel 2011.

[15] WHO and the United Nations Children's Fund (UNICEF), *Progress on Sanitation and Drinking Water: 2010 Update* (2010).

20-40 per cent.[16] This is largely because unclean water and poor sanitation are major channels through which diseases are transmitted.

F. Gender equality and women's empowerment

36. Meeting Africa's social development goals will remain a major challenge for as long as women remain marginalized. Enhancing the participation of women in Africa's development is essential to building more peaceful, secure, democratic, equitable and inclusive societies. Because of this realization, African countries continue to take concrete actions aimed at mainstreaming gender issues into their development strategies and policies. Countries are also advancing the rights of women as called for by the African Women's Decade 2010-2020, launched by the African Union, and the Beijing Platform for Action.

37. As a result, women continue to gain ground in areas such as education and political participation. Instruments to advance gender equality, such as legislative and institutional reforms and gender-responsive budgeting, have gained popularity. Some countries have adopted policies and legal frameworks for the protection of the human rights of women. Further progress in these areas can be achieved if countries put in place new mechanisms, improved resources and stronger structures as well as the effective implementation of existing policies. Concerted efforts are also needed to address persistent challenges such as the low wages that women still earn compared with their male counterparts, higher levels of poverty and limited access to land and other productive assets. There are also financial and institutional challenges that hamper the efforts to promote gender equality on the continent, such as the inadequate financial resources and weak technical capacities of the gender machineries.

G. Agricultural development

38. Food insecurity remains one of the biggest challenges facing Africa. Chronic food shortages, hunger and malnutrition and the persistence of low agricultural productivity severely limit the ability of Africa's growth to be broad-based and inclusive. Failure to boost agricultural productivity further implies that African countries remain overly exposed to global uncertainties in food prices and supplies, as amply demonstrated by the spike in food prices that began in mid-2010 as well as during the period 2007-2008. Greater efforts are therefore required to improve agricultural productivity to ensure that African countries are primarily responsible for their own food security. Besides meeting Africa's food and nutrition needs, investments in the agricultural sector also generate employment opportunities for the rural poor and along agricultural value chains. ILO estimates that growth in agricultural employment accounted for nearly half of all employment growth in sub-Saharan Africa between 1999 and 2009.

39. Hence, the current concerns about global food price volatility pushing large numbers of people into poverty have once again brought to the fore the imperative for Africa to achieve its own green revolution. However, to break the cycle of

[16] I. Günther and G. Fink, "Water and sanitation to reduce child mortality: the impact and cost of water and sanitation infrastructure", World Bank Policy Research Working Paper, No. 5618, 2010.

recurrent food shortages and spikes in food prices, the challenge for Africa is to prioritize investments in agriculture and address the long-term structural impediments to boosting farm productivity, as called for by CAADP. These include building the capacity of farmers, extension workers and public agricultural institutions. It also entails improving access to land, yield-enhancing farm inputs such as seeds, fertilizers, irrigation, more resilient animal breeds and other scientific technologies, as well as improving access to credit and markets by the rural poor.

40. Political commitment is also required to ensure that public investments in agriculture as a share of national budgets increase to 10 per cent in line with the Maputo Declaration on Agriculture and Food Security. Visible and sustained political leadership at the continental and national levels has seen the deepening of partnerships between the NEPAD programme and organizations such as the Consultative Group on International Agricultural Research, the Alliance for a Green Revolution in Africa and the Bill and Melinda Gates Foundation. There is also growing political recognition at the global level that achieving food security for all, in addition to providing opportunities and decent standards of living to all, is essential for maintaining social and political stability within countries as well as international peace and security.[17]

41. Gains in agricultural productivity can play a critical role in stimulating economic growth and reducing levels of poverty. However, these gains should be complemented with improved access to markets and better incentives and institutions. It is only through improved market access that smallholder farmers can be incentivized to produce more and turn surplus bags of maize, coffee or cassava into money that can be used to pay for non-food items such as children's schooling and health care.

42. To ensure that agriculture continues to be the main driver of economic growth and poverty reduction and a long-term guarantor of food security, African countries continue to push for sustained investments in agriculture, the diffusion of agricultural technologies and accountability in the policy design and allocation of critical resources in this sector. The increased focus on raising agricultural productivity by at least 6 per cent per year and public investments in agriculture by 10 per cent of national budgets per year is reflected in the increase in the number of countries that have conducted the CAADP round tables. As at May 2011, 26 countries had signed CAADP compacts and incorporated CAADP into their national agricultural agenda. Eight countries have reached the public investment goal of 10 per cent, in line with the Maputo Declaration on Agriculture and Food Security, and nine others have reached the goal of raising agricultural productivity by 6 per cent per year.

43. Following the success of Malawi's smart use of subsidies to boost smallholder productivity, efforts are under way in Nigeria, Rwanda and the United Republic of Tanzania to provide resource-poor farmers with subsidized farm inputs such as improved seeds and fertilizers. Efforts to roll out soil fertility techniques to approximately 300,000 farmers and to bring the benefits of hybrid technologies to staple food crops have also been launched in Burkina Faso, Mali and the Niger, through partnerships involving Governments, the Alliance for a Green Revolution in

[17] Security Council thematic debate on the interdependence between security and development, New York, 11 February 2011.

Africa and the International Crops Research Institute for the Semi-Arid Tropics. It is such efforts that will eventually result in more productive farms and higher rural incomes, leading to substantial poverty alleviation across the region.

IV. Financing for the social dimensions of the New Partnership for Africa's Development

44. The primacy of domestic resource mobilization in financing Africa's social development agenda constitutes the foundation for self-sustaining development and is in line with the emphasis of NEPAD on African ownership of its own development. To this end, African countries are making progress in strengthening domestic resource mobilization. During the period from 1995 to 2009, revenue collection increased from approximately 11.5 per cent of GDP to 15 per cent. Recent estimates from the NEPAD Planning and Coordinating Agency also show that internally generated revenue improved from $129 billion in 2002 to $472 billion in 2008. Overall, domestic revenue represented 84 per cent of the total financing sources for Africa in 2009.

45. Furthermore, Africa is also moving beyond aid to achieve self-sustaining private sector-led development as countries continue to unlock complementary private investments and harness innovative aid mechanisms. Some countries have been able to change the composition of Government expenditures and improve the allocation of public resources, targeting labour-intensive sectors and areas that directly benefit wider segments of society, including the poor. There is also scope to scale up social spending by raising and strengthening revenue collection and partnering with the private and philanthropic sectors.

46. Despite these gains, efforts to mobilize domestic resources for development have not been immune to the global financial and economic crisis. The recession led to significant declines in public and private resources in both the developed and developing countries, undermining meaningful poverty eradication efforts and investments in sectors that create jobs. Hence, as called for by the Group of Twenty (G20) Seoul Development Consensus for Shared Growth, the achievement of social development goals in low-income countries, such as those in Africa, will require not only inclusive, sustainable and resilient growth but also the continued provision of ODA and the mobilization of additional resources from other sources.

47. While total net disbursements of official development assistance to Africa from all donors combined increased from about $27.4 billion in 2003 to $47.6 billion in 2009, aid delivery fell short of commitments. Net disbursements to Africa by members of the Development Assistance Committee of OECD increased from $19.2 billion to $28.2 billion during the same period.[18] And in 2010, net disbursements of official development assistance to Africa are estimated to have reached $46 billion (see A/66/1, para. 18). Because of these resource commitments, 42 million children were enrolled in school and nearly 3 million people received antiretroviral therapy in 2008, a 39 per cent increase from 2007. Some of these resources were invested in preventing malaria deaths.

[18] OECD, *Geographical Distribution of Financial Flows to Developing Countries 2011: Disbursements, Commitments, Country Indicators* (OECD Publishing, 2011), available from http://dx.doi.org/10.1787/fin_flows_dev-2011-en-fr.

48. Overall capital flows to sub-Saharan Africa are also significantly higher than they were a decade ago, increasing from about $10 billion in 2000 to $90 billion in 2010.[19] Analysis by some major private companies also indicate that foreign investments in Africa will continue to increase, with FDI inflows expected to reach $150 billion by 2015. While these FDI flows are less than 5 per cent of global flows, they still represent a significant boost to the continent's growth prospects. By some estimates, they created 1.6 million new jobs in the past eight years.[6] However, most of these jobs were created in just 10 countries that received almost three quarters of FDI during the period from 2003 to 2010, namely, South Africa, Egypt, Morocco, Algeria, Tunisia, Nigeria, Angola, Kenya, Libya and Ghana. The recent pick up in capital flows to countries such as Mauritius and Zambia is thus expected to create additional jobs.

49. The World Bank is also pursuing what it calls "a new social contract for development", whose goal is to promote development efforts by enhancing the participation of citizens and civil society in the development process, improving public policy, the quality of governance, the creation of jobs, the delivery of public services and supporting safety nets for the poor and vulnerable. In its renewed strategy for Africa,[20] the Bank outlines its intention to shift away from emphasizing economic stability and sound fundamentals to emphasizing competitiveness and employment, vulnerability and resilience and governance and public sector capacity. Some of these areas of focus are contained in the NEPAD programme. However, much remains to be seen if this shift in policy thrust marks a significant turning point in the way major financial institutions promote Africa's social development objectives, particularly those related to poverty reduction, employment creation, infrastructure development and tackling social exclusion. It is only through explicit commitments, backed by adequate financing, that greater development effectiveness can be realized. Hence, Africa's development partners should continue to recognize, build on and support African-owned and led development goals and priorities.

50. Africa is also increasingly benefiting from its cooperation with new and emerging development partners in areas such as finance, trade, investments, skills and technology transfers. At the second Africa-India Forum Summit, held in Addis Ababa in May 2011, India pledged $5 billion towards the development of agriculture, information technology and telemedicine. Chinese investments in infrastructure projects in sub-Saharan Africa jumped from $470 million to $4.5 billion over the period from 2001 to 2007. Brazil, China, India and the Russian Federation accounted for more than 10 per cent of the total FDI in the continent during the period from 2005 to 2010. Turkey and sovereign wealth funds from the Gulf Cooperation Council are also making major investments in infrastructure, agriculture, telecommunications and tourism in several countries.

51. Traditional donor-led initiatives also remain important. Japan supports NEPAD objectives through the Tokyo International Conference on African Development and Spain provides support through the €20 million NEPAD-Spanish Fund for African Women's Empowerment. The United States provides significant funding through programmes such as the President's Emergency Plan for AIDS Relief, the

[19] IMF, *Regional Economic Outlook: Sub-Saharan Africa: Recovery and New Risks* (Washington, D.C., 2011).

[20] World Bank, *Africa's Future and the World Bank's Support to It* (Washington, D.C., March 2011).

President's Malaria Initiative, the Africa Education Initiative and the Feed the Future initiative. The Department for International Development of the United Kingdom of Great Britain and Northern Ireland has provided £7.2 million towards the creation of the Partnership for African Fisheries. The Millennium Development Goals Contract of the European Union has earmarked €1.8 billion to accelerate progress in achieving the Goals in several African countries. And concerned with the effects of the global crises on poverty and human development, some members of the European Union are also exploring ways to expand social protection schemes in sub-Saharan Africa.[21] These efforts will help augment innovative approaches to building broad-based social protection systems and schemes that have been launched and financed by African countries themselves.

52. In the area of agriculture, the Alliance for a Green Revolution in Africa, through its Innovative Financing Initiative, has expanded access to affordable finance for smallholder farmers, agro-dealers and small and medium-sized agricultural enterprises. By improving farmers' financial literacy, the Initiative also seeks to lessen the risks of lending to smallholder agriculture, develop appropriate financial products for farmers and improve the performance of agricultural markets. To date, the Alliance has been able to use $17 million in loan guarantees to reduce risks faced by commercial banks lending to smallholder farmers. As a result, the Alliance and its partners have been able to leverage $160 million in affordable loans from commercial banks in Ghana, Kenya, Mozambique, Uganda and the United Republic of Tanzania. And over the next five years, the Alliance has set a target of helping to leverage $4 billion into smallholder agriculture and agricultural value chains. Such innovative initiatives have tremendous potential to improve rural livelihoods and reduce poverty.

53. There has also been an uptick in FDI flows to agricultural investments as some African countries have opened up their agricultural sector to foreign investment. In 2009, more than 70 per cent of the approximately 56 million hectares of large-scale global land acquisitions occurred in Africa.[22] However, there are growing concerns that these investments are producing agricultural commodities for the world market and are displacing small farmers. Therefore, caution needs to be exercised to ensure that such investments result in win-win outcomes for both investors and African economies. Land acquisitions should be transparent and contribute to enhancing national food security, lower the cost of food for net food buyers, facilitate the transfer of knowledge and skills to local farmers, result in the development of sophisticated marketing chains and infrastructure and create jobs. The land and water rights of affected communities should be guaranteed through improved land governance, including guarding against speculative land acquisitions.

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[21] European Commission, *2010 European Report on Development: Social Protection for Inclusive Development — A new perspective in EU cooperation with Africa* (Robert Schuman Centre for Advanced Studies and European University Institute, 2010).

[22] K. Deininger, and others, *Rising global interest in farmland: can it yield sustainable and equitable benefits?*, International Bank for Reconstruction and Development/World Bank, 2011.

V. Conclusions and recommendations

54. Delivering on the social dimensions of NEPAD will ensure that Africa's economic future and political stability are anchored in equal opportunity, social cohesion and decent standards of living for all. The achievement of economic and social transformation in Africa is also closely tied to the overarching issue of global economic governance. The current architecture of global economic governance constrains the ability of African countries to fully harness the development potential of NEPAD. Besides being disadvantaged by various agricultural subsidy regimes, quotas and tariff barriers, African countries also have a limited role in norm-setting and decision-making in relation to the international policies that have a strong bearing on the region's development prospects. Hence, as called for by the NEPAD Heads of State and Government Orientation Committee, it is imperative that African countries are adequately represented in all global groupings, including the G20. This will ensure that the continent is not marginalized in global economic governance.

55. For their part, African countries need to promote the objective of the transformation of the region's political systems from rent-seeking to developmental. Such a policy shift will require the restructuring of economies to ensure the sustained diversification of the production and export base, as well as restructuring its bureaucratic incentives away from rent-seeking towards the facilitative, pro-growth and pro-equity allocation of resources.

56. In addition to the above, the Commission for Social Development may wish to consider the following recommendations:

(a) **The creation of productive employment and decent work should be a central objective of NEPAD in line with the Ouagadougou Plan of Action on Employment and the Global Jobs Pact. Greater coherence between macroeconomic strategies and social policies is required so that these policies do not have opposing effects on employment and productivity;**

(b) **While growth is important, African countries need to pay close attention to the composition and sustainability of growth, its ability to be employment-intensive in sectors that matter most to large segments of society, as well as its ability to lower inequalities and improve real per capita incomes in both rural and urban areas. In short, greater attention needs to be paid to structural transformation;**

(c) **With the aim of increasing rural incomes and lowering food prices for net food buyers, concerted efforts are required to raise agricultural productivity. Smallholder farmers should be provided with fertilizer, high-yielding seeds and improved access to infrastructure, information and markets. Furthermore, efforts should be made to promote small and medium-sized enterprises that facilitate diversification from agriculture towards non-farm activities which generate jobs, raise rural incomes and contribute to reducing poverty;**

(d) **African Governments and their regional and subregional institutions should continue to take the lead role in championing and mobilizing the resources required to implement the NEPAD initiatives while emphasizing the significant progress that can be made by forging more effective partnerships**

with development partners, the private sector, civil society organizations and philanthropic organizations;

(e) The achievement of the social dimensions of NEPAD requires that countries make concerted efforts to protect and sustain social investments in response to the multiple global crises related to food, energy, finance and the economy, and to the ongoing effects of climate change;

(f) With the aim of ensuring the predictability and long-term financing of Africa's development goals, including commitments to education, health and agriculture, donors need to fulfil their existing commitments to achieve the target of 0.7 per cent of gross national income for ODA and the commitments on African food security contained in the L'Aquila Joint Statement on Global Food Security;

(g) Promoting universal access to basic social protection and social services is necessary to break the cycle of poverty, inequality and social exclusion. Governments must consider establishing a social protection floor, consistent with national priorities and circumstances. Where social protection measures exist, their scope should be expanded to make the recovery and future economic growth more inclusive and equitable;

(h) Greater efforts are needed to tackle the high levels of youth unemployment through the development of education and training programmes that enhance the employability and capabilities of young people, facilitate school-to-work transitions and expand guaranteed employment schemes, with particular attention being given to disadvantaged rural and urban young people;

(i) With a view to ensuring that national development strategies, policies and domestic resources are effectively deployed to promote social development, greater effort is needed to enhance broad-based stakeholder consultation and participation and improve governance, accountability and transparency.